

STAT

Declassified in Part - Sanitized Copy Approved for Release 2012/08/20 :
CIA-RDP89G00720R000700960006-3

Page Denied

Next 2 Page(s) In Document Denied

Declassified in Part - Sanitized Copy Approved for Release 2012/08/20 :
CIA-RDP89G00720R000700960006-3

GIVING MORE EMPHASIS TO TECHNOLOGICAL CHANGE AND LESS TO MARKET SATURATION. SINCE THE END OF WORLD WAR II, THE PRICES OF EVERYTHING FROM OIL TO URANIUM, FROM COPPER TO BAUXITE, FROM SUGAR TO WHEAT HAVE RISEN LESS RAPIDLY THAN OVERALL INFLATION. WHILE THE VALUE OF SOME COMMODITIES SUCH AS TIN AND ZINC HAS ONLY FALLEN BY ABOUT 10 PERCENT, THE VALUE OF LEAD FELL A FULL 50 PERCENT. IN MINERALS, TECHNOLOGY HAS MAINLY ACTED TO REDUCE DEMAND FOR TRADITIONAL COMMODITIES; IN AGRICULTURE, IT HAS ACTED TO INCREASE THEIR SUPPLY.

Certainly the trends will not be one of steady decline. Indeed, rebounds and collapses will likely litter the longer term path. At present, for example, many commodity prices have enjoyed an upswing. In part the realignment of the US dollar has helped. It has improved the demand for US-produced goods. At the same time it has moderated the rise in the effective cost abroad of dollar-denominated commodities. The impact of exchange rate changes can be pronounced. Looking since the dollar began weakening in 1984, the strengthening of the yen has just about totally offset the rise in the dollar price of copper for Japanese producers. Despite the recent bolstering in minerals and agricultural prices, ^{Today's Lyall Street Journal} ~~it is noted~~ that commodity prices are still 30 percent below their 1980 levels, and few observers believe that continuing price rises are in the cards.

Looking at Longer Term Trends,
MINERAL MARKETS HAVE BEEN HIT ESPECIALLY HARD, WITH TECHNOLOGICAL ADVANCES PROVIDING A GROWING ARRAY OF SUBSTITUTES FOR RAW MATERIALS, PARTICULARLY COPPER, IRON, BAUXITE, AND TIN. AS ONE EXAMPLE, COPPER WIRE IS BEING REPLACED BY FIBER OPTICS, LINE-OF-SIGHT MICROWAVE SYSTEMS, AND SATELLITE